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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Health Care Financing Administration

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HEALTH FINANCING RESEARCH AND DEMONSTRATION GRANTS

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HEALTH FINANCING RESEARCH AND DEMONSTRATION GRANTS

SUMMARY

This Notice supersedes the original Notice published in the FEDERAL REGISTER on April 13, 1978 (43 FR 15594) and;

1. revises the priority areas for grants,
2. changes the original schedule for submittal, review and funding of grant applications from quarterly to semi-annual and
3. clarifies that Section 1115 "Waiver-Only" projects are subject to the same formal review process as are all other grant applications.

AVAILABILITY OF GRANTS

The Office of Policy, Planning and Research (OPPR) of the Health Care Financing Administration (HCFA) has funds for research and demonstrations. Applications for grants may be made by nonprofit or public organizations and institutions (including state agencies responsible for administering the Medicaid Program). Grants may be made for research, planning or conduct of demonstrations, conferences, or data collection activities.

GENERAL POLICY CONSIDERATIONS

The grant activities we fund are intended to assist in the resolution of major health financing policy and program issues and to assist in developing new methods for the administration of HCFA programs. In general we will consider funding projects which:

Develop or demonstrate new financing mechanisms or controls, management or administrative procedures, service delivery concepts or technological innovations designed to improve HCFA programs, or

Develop knowledge about the basic nature of costs and inflation in the health care field or the economic and behavioral relationships between health care financing methods and the activities in the health care sector.

Applicants who have ideas in either of these general areas are encouraged to develop them into complete applications.

There are several areas of interest and concern which are considered as priority. These areas are not exhaustive of our interests.

Applications which fit one of the priority areas will be considered as "solicited." Applications which do not fit one of the areas will be considered if they fit within the two general areas described above. However, there is no guarantee that there will be sufficient funds to make awards in all the topics. These applications will have to compete with one another and across areas.

HCFA PRIORITY AREAS FOR GRANTS

The 17 areas announced in the April 13, 1978 Notice are being consolidated. Two of these priority areas have been eliminated; Clinical Efficacy Studies and Health Education/Consumer Awareness.

The new priority areas are:

—Beneficiary Awareness in Consuming Health Care Services
—Beneficiary Impact and Data Base Development
—Fraud and Abuse
—Health Systems Organization
—Hospital Costs
—Industrial Organization Reimbursement
—Integrated Data Systems
—Long Term Care
—Long Term Care Demonstrations
—Long Term Care Research
—Physician Reimbursement
—Quality and Effectiveness

An explanation of the new priority areas will be published in a brochure which will be available from:

Program Support Office, Office of Policy, Planning, and Research, Health Care Financing Administration, Department of Health, Education, and Welfare, Room 5046 Switzer Building, 330 C Street, Southwest, Washington, D.C. 20201.

This brochure is the basic source for information on the content of the current priority areas for this grants program. As changes are made in these priority areas new editions of the brochure will be prepared and made available.

DURATION OF FUNDING

Grants are awarded for a period of 1 year, and may be continued on a noncompeting basis generally for up to 5 years if originally awarded as a multiple year project. Continuation funding is contingent upon the availability of future year funds, the meeting of project objectives, and the continued relievance of the project to the declared interests of HCFA.

GENERAL CRITERIA FOR FUNDING NEW PROJECTS

The Associate Administrator for Policy, Planning and Research determines which projects will be funded. These decisions are based on the recommendations of technical review panels and on the comments of other Department components and outside individuals or organizations. More specifically, the factors that are considered in arriving at the award decision are:

1. Whether the project addresses an area of declared interest, and the relevance of the anticipated results to HCFR programs or general issues, involving HCFA programs.
2. The adequacy and creativity of the research design and questions, the validity and appropriateness of the methods and data bases(s) proposed, and the experience and competence of the researchers.
3. Whether the knowledge base, project design or methodology is such that the project can be carried out within the times specified.
4. Whether the proposed project methodology is rigorous and consistent with what is generally agreed to be the state of the art.
5. Whether the overall budget, the personnel resources to be used, and the facilities and equipment are appropriate for the project and to the concern of HCFA for that issue.
6. If it is a demonstration project it shows a commitment of the parties necessary to the success of the planned project.

PROJECT REQUIREMENTS

In addition to meeting the general criteria described above the application must meet the following requirements.

1. The project goals and objectives must be clearly stated and be measurable.
2. The research design, including the questions to be addressed, the methods and the data to be used must be explicitly described. The methodology must be well defined and scientifically valid.
3. A demonstration project must include a demonstration design, objectives and proposed analytical and evaluation methods.
4. The relevance of the findings to HCFA policy concerns should be discussed.
5. Tasks and milestones must be clearly described and scheduled.
6. The application must specify the availability of the data to be used. If data are to be collected, the discussion shoud describe the nature of the data sought, the sample design and size, controls (if any) and the problems that might be encountered. Data that are collected under a HCFA grant must be available to anyone the Project Officer designates at any time and only to those individuals or organizations designated by the Project Officer. The applications must assure the confidentiality of data and the protection of the privacy of individuals when the data allow for such identification.
7. The Application should show the qualifications and experience of the personnel and demonstrate how their qualifications make the individuals capable of performing the tasks in the project. The application should also show how the personnel are to be organized in the project; who will be responsible for which portions of the project and what lines of authority will exist.
8. The application should show the availability of adequate facilities and equipment for the project or clearly state how these are to be obtained.
9. The budget must be developed in detail with justifications and explanations for the amounts requested. The estimated costs must be reasonable considering the anticipated results. Applicants should directly share in the costs of the projects (see Application Procedures, 2 *Grant Policies* below).
10. Funds will not be available for construction or remodeling; or for project activities that take place before the applicant has received official notification of HCFA approval of the project.
11. Experiments and demonstration projects must have a proposed evaluation com-

ponent. This must describe data collection and analysis procedures for an evaluation that will assess the degree to which the objectives of the project were met. The evaluation component may, at the discretion of the HCFA, be separately funded. Therefore, the evaluation effort should be separately and distinctly budgeted.

12. Sections 1115 and 222 projects that require waivers must define the services, list the waivers, discuss the implications if such waivers are granted, state the effect on Federal, State and local laws as well as the effect (beneficial or adverse) on beneficiaries enrolled in the project.

13. Plans for utilization of the project's results should be discussed along with the deliverable products and the points in the project schedule when these reports/products will be available.

14. The application must assure the applicant's willingness to comply with the human subjects regualtions by the inclusion of a completed form HEW-596 (Rev. 1975) "Protection of Human Subjects" (45 CFR Part 46).

Review of the Applications

The review process will consist of two phases. During the first phase applications will be separated into two groups, those that are relevant to the interests of HCFA and those that are not. The criteria used for this decision will be whether the project fits within the language of HCFA's general interest appearing in the first paragraph of "General Policy Considerations" of this Notice. The first group will be screened for completeness and assigned to review panels; the second group will be returned to the applicants. The second phase will consist of the review, ranking and award. The review will be conducted by a panel of not less than three experts (who are not staff members of OPPR).

There will be at least one panel for each area of interest. A OPPR/HCFA Project Officer will coordinate the panel's review but will not vote. This individual will also prepare the panel's recommendation to the Director, Office of Policy, Planning and Research. The panel's recommendations will contain numerical ratings, ranking of acceptable projects and a written assessment of each application.

Section 1115 Projects

Under section 1115(a)(1) of the Act, compliance with statutory State Medicaid Plan requirements may be waived to enable a State Medicaid agency to carry out a significant demonstration project which will further the general objectives of the Medicaid program.

To assure that all HCFA decisions on waivers reflect our needs and priorities and so that we can properly analyze the results of such projects, section 1115 applications which only seek waivers of HCFA regulations are reviewed as are other grant applications. The closing, review and award dates established for grant applications will be used as well for section 1115 waiver-only projects unless otherwise stated in a Federal Register Notice.

All requirements of the Social Security Act, the Code of Federal Regulations and other issuances that pertain to the Title XIX categorical program are applicable to a project approved under section 1115, except as specifically waived.

When a State Medicaid agency applies for a section 1115 project special attention should be given to the preparation of the budget. These budgets are substantially more extensive than the budget for other grant applications (see HCFA-PG-11A, Instructions for Completion of Federal Assistance Application, form HCFA-PG-11).

Number and Size of Awards

Awards may range from $25,000 to $1,000,000, in total cost. Most grants will range between $25,000 and $250,000 per year and range from 1 to 5 years. The number of awards in the priority areas will depend on the size of the highest quality/greatest interest applications.

The number and size of awards will depend on the availability of funds and on the need of projects that are continuing from prior years.

Authorities

The authorities for these grants are:

Social Security Act, Title XI, and Sections 1110 and 1115.
Section 222(a) of the Social Security Amendments of 1972.
Section 402(a) of Social Security Amendments of 1967.
Public Health Act, Section 1526(a), as restricted by Section 1521(b)(3).
Public Health Act, Section 1533(a), as it relates to Section 1533(d).

Application Procedures

1. *Applications forms.* A standard application form has been developed for the HCFA research and demonstration grant program. Application kits and guidance for the completion of the forms are available from:

Health Care Financing Administration, Project Grants Branch, 4200-C Mary E. Switzer Building, 330 C Street SW., Washington, D.C. 20201, telephone 202-245-0671.

The application should include, in the project title, the solicited area to which the applicant is responding. The solicited area designation should also be clearly marked on the outside of the package/envelope. If the application is unsolicited (not in response to any of the priority areas) the project title should include the phrase, ". . . an unsolicited grant application" and the package/envelope should indicate the same.

2. *Grant Policies.* The funding of grants is made through a competitive process based on a choice of proposals submitted in response to this notice. All grantees are expected to share directly (not in-kind) in the costs of the projects. This sharing should not be less than 5 percent of the total project cost.

Other policies in terms of grantee responsibilities, awarding and payment procedures, special provisions and assurances may be found in the following documents that are included in the application kit:

Project Grants Policy Handbook, DHEW Publication No. (SRS) 76-04001
45 Code of Federal Regulations, Part 74; Administration of Grants

3. *Closing Dates and Times.* Because of the time required to carry out a complete review and reach decisions on grant application funding while continuing to manage existing grants and contracts, we are changing from a quarterly to a semi-annual schedule. Accordingly, we will regularly process grant applications twice a year with award decisions being announced in January and July.

For fiscal year 1979 the second and last closing date will be Monday, June 4, 1979. For fiscal year 1980 the closing dates are Monday, October 1, 1979 and Monday, April 7, 1980. For all dates the closing time is not later than 3:00 PM Washington, D.C. time.

(Applications which were received in response to the previously announced January 8, 1979 closing are being held for review with applications to be received by June 4, 1979.)

A summary of this schedule is as follows:

Closings	Reviews	Award Decisions
June 4, 1979	July/August	September.
October 1, 1979	November/December.	January.
April 7, 1980	May/June	July.

Applications received after these cut-off dates will not be considered unless they were sent by Registered, Certified or Express mail 5 working days in advance of the specified dates. The postmark on the package will establish the date the application was mailed. Late applications will be carried over until the next closing date unless the applicant notifies the Project Grants Branch that it is being withdrawn.

Applications received for the second cycle in any fiscal year will be reviewed with the intent of making awards in the fourth quarter of that fiscal year. However, these applications may be held for award in the first quarter of the subsequent fiscal year.

(Catalog of Federal Domestic Assistance Program No. 13.766 Health Financing Research, Demonstrations and Experiments)

Dated: March 23, 1979.

Leonard D. Schaeffer,
Administrator, Health Care Financing Administration.

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